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CHUM Limited Annual Report year ended August 31, 1973

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CHUM Limited

HEAD OFFICE

1331 Yonge Street
Toronto, Ontario M4T 1Y1

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company
Toronto, Ottawa, Montreal,
Halifax, Regina, Calgary, Vancouver

SOLICITORS

Fasken & Calvin

AUDITORS

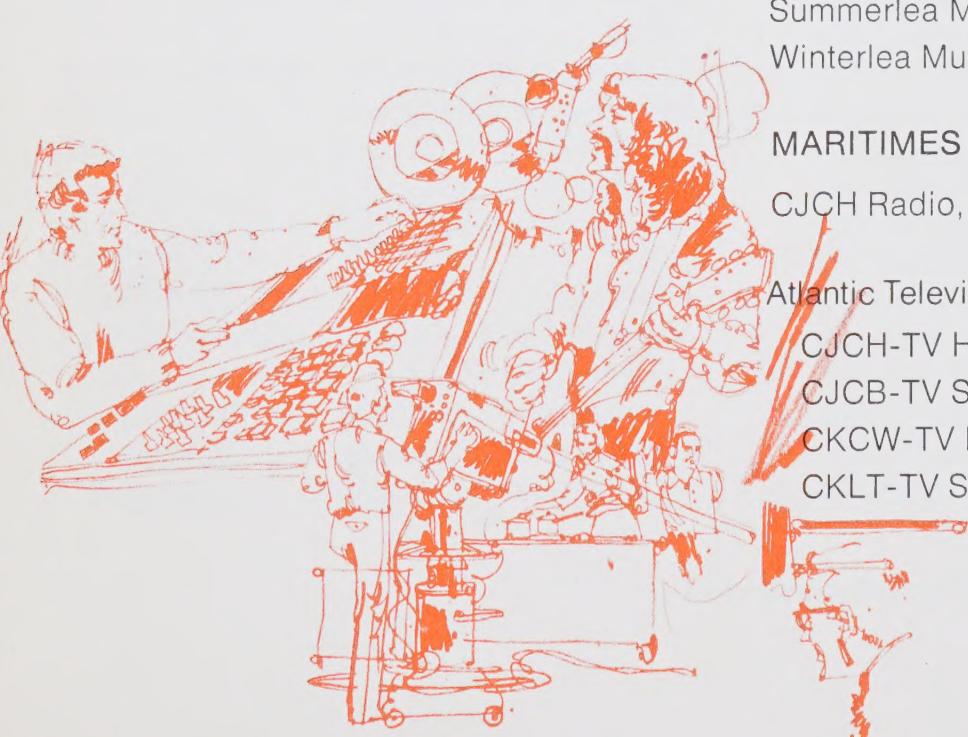
Price Waterhouse & Co.

BANKERS

The Royal Bank of Canada

STOCK EXCHANGE LISTINGS

Toronto, Montreal, Vancouver



The CHUM Group

BRITISH COLUMBIA

CFUN Vancouver

"Music by Muzak" for Vancouver and Victoria

ALBERTA

"Music by Muzak" for Calgary

ONTARIO

CHUM Toronto

CHUM-FM Toronto

CFRA Ottawa

CFMO Ottawa

CKPT Peterborough

CKVR-TV Barrie

"Music by Muzak" for the Province of Ontario

Canadian Contemporary News System, Ottawa

Huchm Productions Limited, Barrie

National Security Systems Limited, Toronto

Goldfarb Consultants Limited, Toronto

Frolic Toys Limited, Toronto

QUEBEC

Much Productions Limited, Montreal

Summerlea Music Limited, Montreal

Winterlea Music Limited, Montreal

MARITIMES

CJCH Radio, Halifax

Atlantic Television System

CJCH-TV Halifax

CJCB-TV Sydney

CKCW-TV Moncton/Charlottetown

CKLT-TV Saint John

DIRECTORS AND OFFICERS

Allan Waters
Toronto
(President, CHUM Limited)

J. Wesley Armstrong
Toronto
(Vice-President, Sales, CHUM Limited)

Alexander A. Forbes, C.A.
Toronto
(Vice-President, Finance and
Secretary-Treasurer, CHUM Limited)

A. Deane Nesbitt, O.B.E., D.F.C., B.Eng.
Montreal
(Chairman of the Board,
Nesbitt, Thomson and Company, Limited)

Fred G. Sherratt
Toronto
(Vice-President, Programming and Operations,
CHUM Limited)

Ralph T. Snelgrove
Barrie
(Chairman of the Board,
Ralph Snelgrove Television Limited)

Robert M. Sutherland, Q.C.
Toronto
(A Senior Partner, Fasken & Calvin)

A. Ross Dedman, B.A., C.A.
Toronto
(Controller, CHUM Limited)

FINANCIAL HIGHLIGHTS

	Year Ended August 31	
	1973	1972
Revenue, less agency commissions	\$20,337,000	\$15,665,000
Net earnings for the year	1,886,000	1,674,000
Earnings per Class B and Common Share	58¢	52¢*
Funds derived from operations	3,069,000	2,581,000
Provision for income taxes	2,297,000	1,964,000
Working capital at end of year	3,795,000	2,671,000
Shareholders' equity	15,795,000	14,315,000
Dividends paid		
– Class B shares	513,000	502,000
– Common Shares	264,000	132,000
Capital expenditures	1,442,000	485,000

*Based on a weighted average number of shares outstanding during the year.



Allan Waters, President

REPORT TO SHAREHOLDERS

CHUM Limited had an extremely successful year. The Company increased sales, increased earnings and expanded into Western Canada.

For the 12 months ended August 31, 1973, revenue rose to \$20,337,000, compared to \$15,665,000 for the corresponding period last year. Net earnings increased to \$1,886,000 from \$1,674,000 a year earlier. This represents 58¢ per Common and Class B share, compared to 52¢ last year.

CHUM Toronto continues to be one of the leading popular music radio stations in North America. The station's programming is constantly adjusted to meet the many social changes which affect listening habits in a large metropolitan city. CHUM's daily two-hour tele-

phone discussion program deals with "people-oriented" topics of relevance to our listeners. During the past year, CHUM Radio News began airing less frequent but longer and more detailed newscasts, a change which we feel improves the service to our Toronto audience.

In recent years, the percentage of households with FM receivers has shown a marked increase right across the country. CHUM-FM and CFMO, the Company's FM stations in Toronto and Ottawa, continue to make significant increases in their audiences with the result that both stations are becoming increasingly popular to advertisers.

CFRA Ottawa remains the leading radio voice in Eastern Ontario. Like CHUM, CFRA's pro-



gramming undergoes constant adjustment to keep pace with changing listener habits. The station is conscientiously involved in all areas of Ottawa community life, and provides a sports service which is one of the finest in Canada.

CJCH Radio Halifax maintained its strong position as the most listened-to station in Atlantic Canada. CJCH's entertainment, news and public affairs programming, and the station's involvement in community affairs, are keeping step with the growth in the Halifax-Dartmouth area.

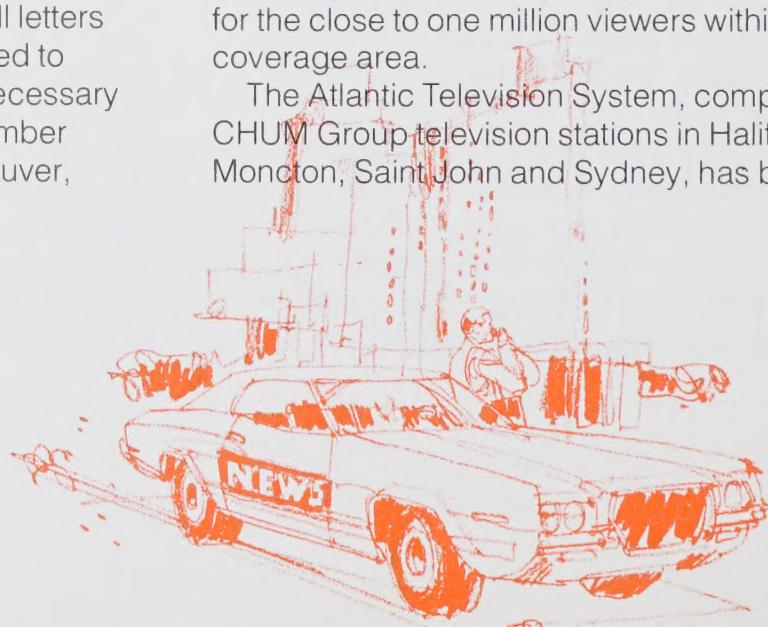
Last December, CHUM Limited received approval for the purchase of Radio Station CKVN Vancouver. While the task of rebuilding the station is being done gradually, Vancouver audiences have already responded favourably to the new and different radio service introduced early in 1973. The research we had conducted in the Vancouver community produced a surprising fact: Vancouver residents continued to refer to the station by its previous name, CFUN. Since Vancouver has the image of a fun city, a holiday city, we decided to return the CFUN call letters to Vancouver. They had been reassigned to another Canadian station, and it was necessary to negotiate for their release. On September 30th, CFUN was reintroduced to Vancouver,

supported by a well coordinated advertising and promotion campaign.

CHUM Limited owns fifty per cent of CKPT Peterborough, Ontario. The Company recently filed an application with the CRTC which, if approved, would see the dissolution of the partnership which presently holds the license for CKPT, and the subsequent purchase of 80% of the station by CHUM Limited and 20% by key employees of the station. Peterborough is experiencing continual growth. Sir Sanford Fleming Community College has expanded its facilities, and plans are underway for the development of Peterborough Square in the downtown area. When completed, Peterborough Square will house over 70 specialty retail stores, an office tower, and a restored historic market hall.

The CRTC approved Channel 3's application for an increase in the height of the station's tower. At the time of writing, tower construction is being completed on CKVR-TV's property just outside Barrie. When in use, the higher tower will vastly improve reception of Channel 3 for the close to one million viewers within its coverage area.

The Atlantic Television System, comprising CHUM Group television stations in Halifax, Moncton, Saint John and Sydney, has been well



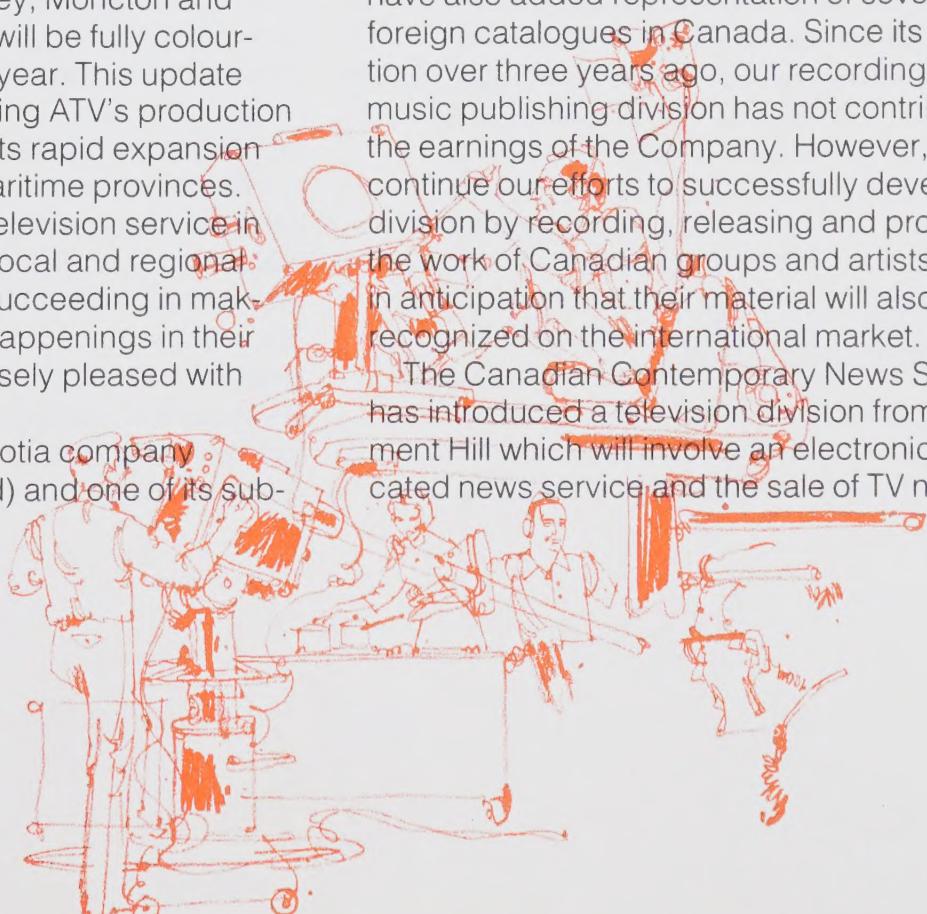
received by both viewers and advertisers in its first year of operation. The Company, continuing its commitment to extend alternate television service in the Maritimes, expanded into Prince Edward Island. Channel 8 Charlottetown signed on in February, allowing many residents to view ATV telecasts and CTV network programming for the first time. In addition, we received approval for a power increase for Sydney's television rebroadcasting station at Antigonish, Nova Scotia, and established low power rebroadcasting stations at Bay St. Lawrence, Dingwall, New Glasgow and Yarmouth, Nova Scotia. We continued with our program of updating studio production facilities at Sydney, Moncton and Halifax. The Halifax studios will be fully colour-equipped by the end of this year. This update program will continue, allowing ATV's production capacity to keep pace with its rapid expansion of service throughout the Maritime provinces. ATV is providing improved television service in the Maritimes, and through local and regional public affairs programs, is succeeding in making viewers more aware of happenings in their part of Canada. I am immensely pleased with the progress made by ATV.

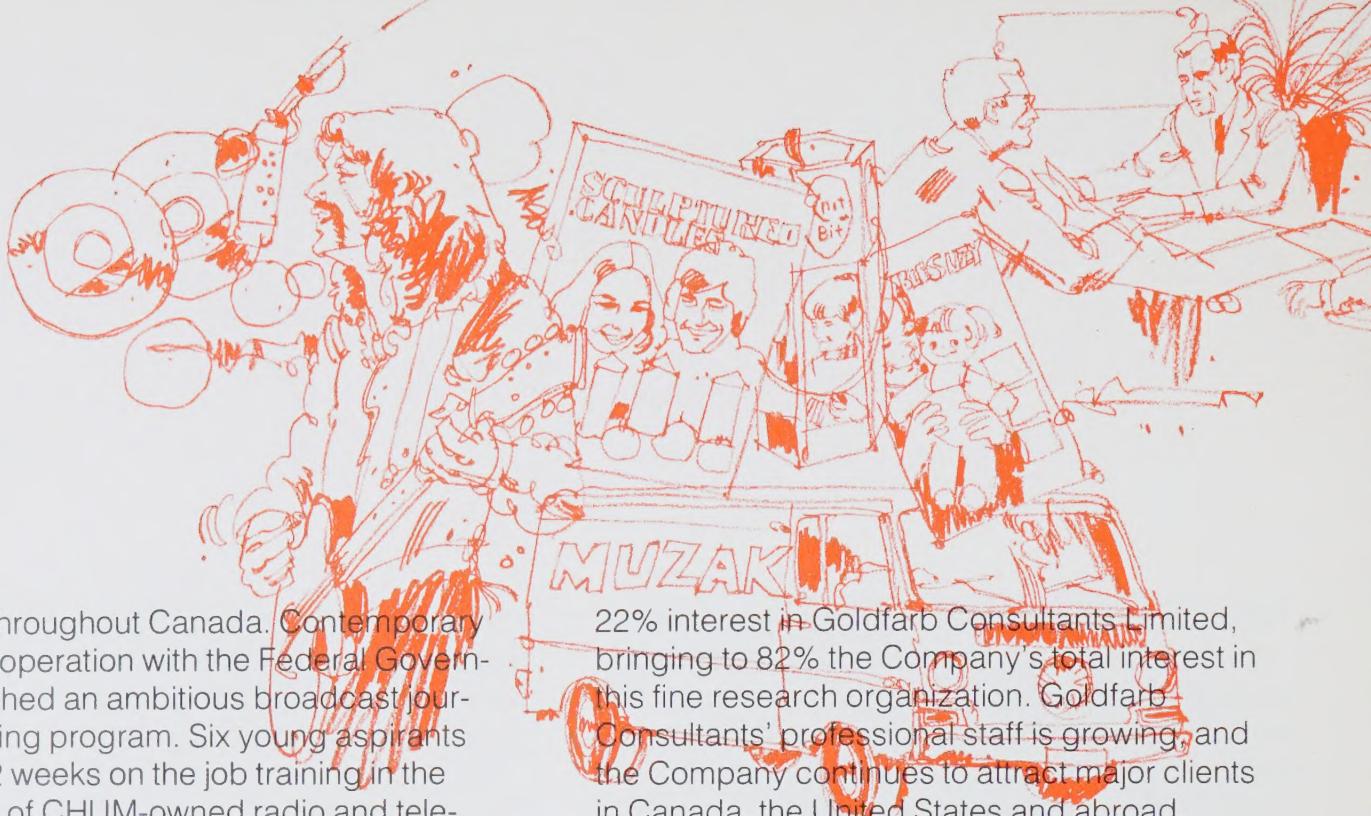
CJCH Limited (a Nova Scotia company controlled by CHUM Limited) and one of its sub-

sidiaries applied to the CRTC for authority to establish cable television systems in areas of Nova Scotia and New Brunswick. These applications were not approved.

Our recording company, Much Productions, is having continued acceptance to the releases of April Wine and Pagliaro. In addition, Much launched Copper Penny, a new Canadian group, and recently signed Tom Kelly, host of the popular national television show, Singalong Jubilee. Summerlea Music and Winterlea Music, the Company's music publishing firms in Montreal, have expanded their catalogues with further successes by Canadian writers. They have also added representation of several major foreign catalogues in Canada. Since its inception over three years ago, our recording and music publishing division has not contributed to the earnings of the Company. However, we will continue our efforts to successfully develop this division by recording, releasing and promoting the work of Canadian groups and artists in anticipation that their material will also be recognized on the international market.

The Canadian Contemporary News System has introduced a television division from Parliament Hill which will involve an electronic syndicated news service and the sale of TV news film





to stations throughout Canada. Contemporary News, in cooperation with the Federal Government, launched an ambitious broadcast journalism training program. Six young aspirants received 32 weeks on the job training in the newsrooms of CHUM-owned radio and television stations. Most were given fulltime employment upon completion of the program. It is expected that this pilot project will be the forerunner of a general industry-wide initiative to upgrade broadcast journalism training standards and opportunities.

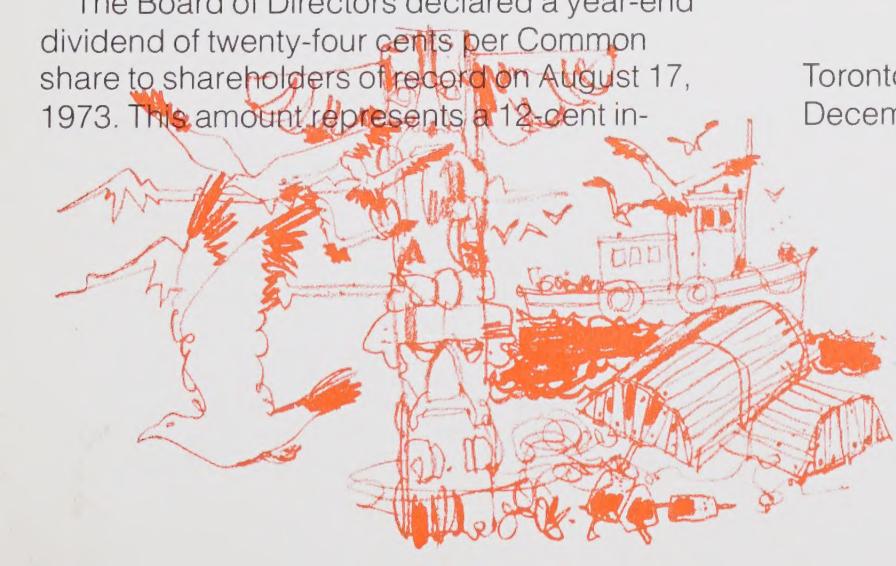
Paul Akehurst, General Manager of Canadian Contemporary News, was loaned to the Government of Canada for a special assignment from the Department of External Affairs. Mr. Akehurst headed the committee responsible for devising and implementing arrangements for the more than 800 national and international news correspondents who covered the visit by the Queen to Ottawa and the meeting of the Commonwealth Heads of Government. In a letter received from Prime Minister Pierre Trudeau at the conclusion of the Heads of Government meeting, Mr. Akehurst was lauded for "doing what by any standard is an outstanding job" in heading this media task force.

During the year, we acquired an additional

22% interest in Goldfarb Consultants Limited, bringing to 82% the Company's total interest in this fine research organization. Goldfarb Consultants' professional staff is growing, and the Company continues to attract major clients in Canada, the United States and abroad.

Associated Broadcasting Corporation (Western) Limited, a British Columbia subsidiary, acquired the Music by Muzak franchises for the Province of British Columbia and for the Province of Alberta, excluding Edmonton. Systems are already in operation in Vancouver, Victoria and Calgary, and these will be expanded. Our long-range plans call for the establishment of new Muzak systems in other centres of British Columbia, Alberta and Saskatchewan. CHUM Limited has owned the Ontario Muzak franchise since 1969; it continues to grow and contribute to the Company's earnings.

Frolic Toys Limited moved to new headquarters this year, gaining much needed additional warehouse and office space. Four new crafts, introduced at the annual Toy Fair last February, are receiving good reception from Canadian retailers. Frolic just established a permanent showroom in Montreal; it will prove a convenient aid to Frolic's sales staff in servicing their customers from the Province of Quebec.



CFCT continued to provide a vital radio service to the residents of Tuktoyaktuk, NWT. Endowed by CHUM Limited, the station is owned by the residents of Tuk. CHUM's \$10,000 yearly subsidy covers the cost of operating CFCT and to date we have contributed in excess of \$80,000 for the establishment and maintenance of this important communications link in Canada's Arctic.

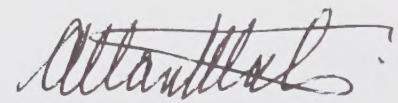
In October of this year, CHUM Limited entered into an agreement to purchase the assets of radio stations CFRW and CFRW-FM in Winnipeg, Manitoba. The purchases are subject to the approval of the Canadian Radio-Television Commission. We are pleased with this proposed expansion to Manitoba and are hopeful that this application will be heard by the CRTC in the near future.

CHUM Limited's application for listing on the Vancouver Stock Exchange was approved and the Common and Class B shares were called for trading on February 1, 1973. The Company is also listed on the Toronto and Montreal Stock Exchanges.

The Board of Directors declared a year-end dividend of twenty-four cents per Common share to shareholders of record on August 17, 1973. This amount represents a 12-cent in-

crease over the first dividend on the Common stock, paid last year. During fiscal 1973, the Company continued to pay a regular quarterly dividend of six cents per share on the Class B stock.

As a result of acquisitions this year in Western Canada, CHUM Limited now stretches from the Maritime provinces in the east, to British Columbia in the west. There are presently over 700 employees in the CHUM Group of companies. It is through their efforts, their loyalties and their faith in CHUM Limited that we have been able to expand so rapidly since we became a public company in 1967. We will continue to develop our existing companies to their full potential while maintaining our corporate policy of expanding into areas devoted to products and services complementary to our present holdings.



Allan Waters.

Toronto, Ontario
December 7, 1973.

CHUM Limited

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

Approved on behalf of the Board:

~~Manhattan~~?

Director

A. A. Tolle

Director

LIABILITIES AND SHAREHOLDERS' EQUITY

	August 31	
	1973	1972
Current liabilities:		
Bank loans	\$ 825,000	\$ 562,500
Accounts payable and accrued liabilities	1,310,847	1,473,998
Income taxes payable	413,932	545,041
Current portion of long-term debt	733,169	295,467
	<hr/> 3,282,948	<hr/> 2,877,006
Long-term debt (Note 3)	6,283,532	3,126,762
Minority interests	1,304,817	1,028,653
Shareholders' equity:		
Capital stock (Note 1) –		
Non-voting Class B shares without par value –		
Authorized – 8,000,000 shares		
Issued – 2,145,500 shares (1972 – 2,112,900 shares)	9,135,960	8,765,310
Common shares without par value –		
Authorized – 1,500,000 shares		
Issued – 1,100,403 shares	987,630	987,630
Retained earnings	5,671,725	4,562,219
	<hr/> 15,795,315	<hr/> 14,315,159
	<hr/> <hr/> \$26,666,612	<hr/> <hr/> \$21,347,580

AUDITORS' REPORT

To the Shareholders of CHUM Limited:

We have examined the consolidated balance sheet of CHUM Limited and subsidiary companies as at August 31, 1973 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of a subsidiary company.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at August 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
November 2, 1973

PRICE WATERHOUSE & CO.
Chartered Accountants

CHUM Limited

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS

	Year Ended August 31	
	<u>1973</u>	<u>1972</u>
Revenue, less agency commissions (Note 4)	\$20,336,609	\$15,664,861
Operating expenses	14,620,105	11,013,040
	<u>5,716,504</u>	<u>4,651,821</u>
Other expense (income):		
Interest expense, including \$355,707 on long-term debt (1972 – \$75,334)	419,355	169,086
Interest and investment income	(69,652)	(62,651)
Depreciation (Note 5)	791,217	561,140
Amortization of franchise	72,613	72,614
	<u>1,213,533</u>	<u>740,189</u>
Earnings before income taxes and minority interests	4,502,971	3,911,632
Provision for income taxes	2,297,431	1,964,210
	<u>2,205,540</u>	<u>1,947,422</u>
Minority interests in earnings of subsidiary companies	319,129	273,038
Net earnings for the year	<u>\$ 1,886,411</u>	<u>\$ 1,674,384</u>
Earnings per Class B and Common share (Note 6)	58¢	52¢

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year Ended August 31	
	<u>1973</u>	<u>1972</u>
Balance at beginning of year	\$ 4,562,219	\$ 3,521,579
Net earnings for the year	1,886,411	1,674,384
	<u>6,448,630</u>	<u>5,195,963</u>
Deduct: Dividends paid –		
Class B shares (24¢ per share)	512,808	501,696
Common shares (24¢ per share; 1972 – 12¢ per share)	264,097	132,048
	<u>776,905</u>	<u>633,744</u>
Balance at end of year	<u>\$ 5,671,725</u>	<u>\$ 4,562,219</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year ended August 31	
	<u>1973</u>	<u>1972</u>
Source of funds:		
Operations –		
Net earnings for the year	\$1,886,411	\$1,674,384
Depreciation and amortization	863,830	633,754
Minority interests in earnings of subsidiary companies	319,129	273,038
	<u>3,069,370</u>	<u>2,581,176</u>
Proceeds from issue of long-term debt	4,467,500	1,650,000
	<u>7,536,870</u>	<u>4,231,176</u>
Application of funds:		
Additions to fixed assets (net)	1,442,184	484,676
Reduction of long-term debt	905,814	195,467
Purchase of assets of a new business and shares of subsidiary companies, net of working capital acquired	3,236,332	2,200,365
Dividends paid	776,905	633,744
Other	51,084	34,171
	<u>6,412,319</u>	<u>3,548,423</u>
Increase in working capital	1,124,551	682,753
Working capital at beginning of year	2,670,522	1,987,769
Working capital at end of year	<u>\$3,795,073</u>	<u>\$2,670,522</u>

CHUM Limited

AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 1973

1. Principles of consolidation:

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. During the year ended August 31, 1973 the Company acquired the business and assets of Radio Station CKVN, Vancouver, and all of the outstanding shares of Associated Broadcasting (B.C.) Limited. Each of these acquisitions have been accounted for as a purchase and accordingly the results of their operations have been included in the consolidated financial statements from the respective dates of acquisition of control.

The following is a summary of the transactions involved:

	Radio Station CKVN Vancouver	Associated Broadcasting (B.C.) Limited
Effective date of acquisition	January 1, 1973	June 1, 1973
Cash consideration	\$2,371,000	\$700,000
Underlying net tangible assets	<u>707,147</u>	<u>21,445</u>
Excess of consideration over underlying net tangible assets	<u>\$1,663,853</u>	<u>\$678,555</u>

In addition, effective September 1, 1972 CHUM Limited purchased an additional 22% interest in Goldfarb Consultants Limited for a consideration of \$97,500 cash and the issuance of 32,600 Class B shares of CHUM Limited (1.5% of outstanding) at an aggregate value of \$370,650.

It is the Company's policy not to amortize the excess cost of shares of subsidiary companies unless the value is impaired.

2. Investments:

	August 31	
	1973	1972
Peterborough Broadcasting Co.	\$184,744	\$166,656
Other, at cost	<u>80,525</u>	<u>31,988</u>
	<u>\$265,269</u>	<u>\$198,644</u>

The investment in Peterborough Broadcasting Co. represents a 50% interest in a partnership, Radio Station CKPT, Peterborough, and is stated at cost plus increase in equity since date of acquisition. The Company's share of the earnings of the joint venture is included in investment income in the consolidated statement of earnings.

3. Long-term debt:

	August 31	
	1973	1972
Term bank loans (unsecured) – Repayable in varying annual instalments of \$50,000 to \$700,000 from 1974 to 1980 with interest at 2% above prime bank rate	\$2,500,000	\$ –
Repayable in full in 1976 with interest at 2% above prime bank rate	500,000	–
Repayable in varying annual instalments of \$100,000 to \$200,000 from 1974 to 1978 with interest at 1½% above prime bank rate	700,000	–
Repayable in monthly instalments of \$12,500 to 1976 with interest at ¾% above prime bank rate	462,500	–
Term bank loans of CJCH Limited, a subsidiary company (1) –		
Repayable in annual instalments of \$100,000 to 1975 with interest at ¾% above prime bank rate	300,000	400,000
Repayable in varying annual instalments of \$150,000 to \$350,000 from 1973 to 1979 with interest at 1¾% above prime bank rate	1,550,000	1,350,000
Notes payable – Repayable in annual instalments of \$100,000 to 1975, non-interest bearing	200,000	300,000
Repayable in semi-annual instalments of \$30,000 to 1977 with interest at prime bank rate	240,000	300,000
Promissory notes, non-interest bearing (2)	306,750	741,666
Mortgages and other debt, 5% to 9%, payable over varying periods to 1985	257,451	330,563
Less: Current portion	7,016,701	3,422,229
	733,169	295,467
	<u>\$6,283,532</u>	<u>\$3,126,762</u>

The principal repayments of long-term debt required in each of the next five years ended August 31 are as follows:

1974	\$ 733,169
1975	935,754
1976	1,488,234
1977	1,053,658
1978	1,163,302

- (1) The term bank loans of CJCH Limited are secured by a fixed charge on the building and a floating charge on the remaining property and assets of CJCH Limited, including a pledge of the shares of two subsidiaries of that company and general assignments of book debts of such subsidiaries.
- (2) The promissory notes bear no due date and are payable only on agreement of all the shareholders of such subsidiary.

4. Revenue:

Revenue is divided in the following proportions:

	Year ended August 31	
	1973	1972
Broadcasting, less agency commissions	79%	81%
Other	21%	19%

5. Depreciation:

Depreciation is provided in the accounts of the Companies at the maximum rates allowed for income tax purposes.

6. Earnings per share:

Earnings per share, as shown in the consolidated statement of earnings, have been calculated in accordance with the dividend priorities of each class of shares, irrespective of the extent to which dividends were actually declared. If the calculation had been made on the basis of dividends actually declared then earnings per share would have been as follows:

	1973	1972
Class B –		
Dividends paid	24¢	24¢
Undistributed	34	33
	<u>58¢</u>	<u>57¢</u>
Common –		
Dividends paid	24¢	12¢
Undistributed	34	33
	<u>58¢</u>	<u>45¢</u>

The issue of stock options (Note 7) has no material dilutive effect on the earnings per share.

7. Capital Stock:

During the year, as consideration for the acquisition of certain rights, the Company granted an option to purchase 20,000 non-voting Class B treasury shares exercisable prior to March 15, 1978 at \$12.00 per share, and at \$14.00 per share thereafter until expiry on March 15, 1983.

8. Income taxes:

As at August 31, 1973 certain subsidiary companies had losses available for carry forward to future periods, calculated on the accounting basis, amounting to approximately \$470,700. These losses are summarized as follows:

Losses for income tax purposes expiring 1974 - 1978	\$273,900
Excess of undepreciated capital cost of fixed assets over net book value	<u>196,800</u>
	<u>\$470,700</u>

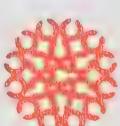
No recognition has been given in the consolidated financial statements to the potential future tax saving resulting from the availability of these losses.

9. Subsequent events:

- (a) On October 5, 1973 the Company agreed to purchase the business and assets of Radio Stations CFRW-AM, and CFRW-FM, Winnipeg, for an aggregate consideration of \$2,565,000 cash plus the value of current assets at the date of closing. The transaction is subject to approval of the Canadian Radio-Television Commission by June 30, 1974.
- (b) Under the terms of an agreement dated October 23, 1973, a new company to be owned 80% by CHUM Limited will purchase all of the assets of Radio Station CKPT, Peterborough, a partnership already owned 50% by CHUM (see Note 2), for \$930,000 cash. The transaction is subject to approval of the Canadian Radio-Television Commission by August 31, 1974.

10. Statutory information:

Remuneration of directors and senior officers for the year ended August 31, 1973 amounted to \$448,700 (1972 - \$386,500).





CHUM Limited

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the Annual Meeting of Shareholders of CHUM Limited will be held in the Cavalier Room, Ports of Call, 1145 Yonge Street, Toronto, Ontario, Canada, on Tuesday, the 15th day of January, 1974, at the hour of 9:00 o'clock in the forenoon (Toronto time) for the purposes of:

- (a) receiving and considering the annual report, including the consolidated financial statements of the Corporation and its subsidiaries, for the fiscal year ended August 31, 1973, and the report of the auditors thereon;
- (b) electing directors;
- (c) appointing auditors;
- (d) transacting such further and other business as may properly come before the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to date, sign and return, in the envelope provided for that purpose, the enclosed instrument of proxy.

DATED at Toronto, Ontario, this 14th day of December, 1973.

By Order of the Board of Directors,

A. A. FORBES, C.A.
*Vice-President—Finance and
Secretary-Treasurer.*



CHUM Limited

INFORMATION CIRCULAR

This circular is furnished in connection with the solicitation by the management of CHUM Limited (the "Corporation") of proxies to be voted at the Annual Meeting of Shareholders of the Corporation to be held on January 15, 1974, called for the purposes set forth in the accompanying notice of meeting. The cost of such solicitation will be borne by the Corporation.

Voting and Revocation of Proxies

Shares represented by the enclosed form of proxy (if the same is executed in favour of the management nominees and is returned to the Registrar and Transfer Agent of the Corporation, Montreal Trust Company, 15 King Street West, Toronto, prior to 5:00 p.m. (Toronto time) on January 14, 1974) will be voted at the meeting by the management nominees.

Under the provisions of The Business Corporations Act a shareholder giving a proxy has power to revoke it. The following is the revocation procedure prescribed in Section 116(4) of The Business Corporations Act:

"In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked."

The Corporation's by-laws make no additional provision for revocation of proxies. A shareholder who has lodged a proxy may attend the annual meeting and vote his shares in person, in which case the proxy will be disregarded.

Voting Shares and Principal Holders Thereof

As of the date hereof there are outstanding 1,100,403 common shares. Each common share carries one vote. To the knowledge of the directors and senior officers of the Corporation, the only person or corporation which beneficially owns, directly or indirectly, more than 10% of the outstanding common shares in the capital of the Corporation is Allan Waters, who beneficially owns 886,818 common shares, being approximately 80.6% of the presently outstanding common shares, through two companies owned by him, namely, Allan Waters Limited and Amplus Limited.

Election of Directors

The Board of Directors consists of seven directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the nominees whose names are set forth below. Management does

not contemplate that any of the nominees will be unable to serve as director, but if that event should occur for any reason prior to the meeting, the persons named in the form of proxy reserve the right to vote in their discretion for another nominee. Each director elected will hold office until the next annual meeting or until his successor is duly elected, unless his office is earlier vacated.

The table below describes each of the management nominees for the Board of Directors. Except where otherwise stated below, each nominee for the Board of Directors has held the office in the Corporation and carried on the present principal occupation indicated for at least the five preceding years and has continued as a director of the Corporation since his first election.

Name, Office in the Corporation and Principal Occupation	Date became Director	Common Shares Beneficially Owned
ALLAN FREDERICK WATERS of Toronto, Ontario, is President of the Corporation	1952	886,818
RALPH TRAPNELL SNELGROVE of Barrie, Ontario, is Chairman of the Board of Ralph Snelgrove Television Limited and a Vice-President of the Corporation	1967	1,226
JOHN WESLEY ARMSTRONG of Toronto, Ontario, is Vice-President—Sales of the Corporation	1966	100
ALEXANDER ASHLEY FORBES, C.A., of Toronto, Ontario, is Vice-President—Finance and the Secretary-Treasurer of the Corporation	1962	3,200
ARTHUR DEANE NESBITT, O.B.E., D.F.C., B.ENG., of Montreal, Quebec, is the Chief Executive Officer of Nesbitt, Thomson and Company, Limited, Investment Dealers	1967	251
FREDERICK GEORGE SHERRATT of Toronto, Ontario, has been Vice-President—Programming and Operations of the Corporation since June, 1969, and prior to that time was Vice-President and General Manager of Radio CJCH 920 Limited	1969	9,625
ROBERT MURRAY SUTHERLAND, Q.C., of Toronto, Ontario, is a Partner of Fasken & Calvin, Toronto, Barristers and Solicitors	1970	100

NOTE: The information as to shares beneficially owned by each nominee, not being within the knowledge of the Corporation, has been furnished by such nominee.

Remuneration of Directors and Officers

During the financial year of the Corporation ended August 31, 1973, the aggregate direct remuneration paid or payable by the Corporation and its subsidiaries to the directors and senior officers of the Corporation was \$448,700.

The estimated aggregate cost during the last financial year to the Corporation and its subsidiaries of all pension benefits proposed to be paid to the directors and senior officers of the Corporation by the Corporation and its subsidiaries is \$13,753.

Appointment of Auditors

The persons named in the enclosed form of proxy intend to vote for the appointment of Price Waterhouse & Co., Chartered Accountants, of Toronto, Ontario, as auditors, to hold office until the next annual meeting of shareholders. Price Waterhouse & Co. were first appointed auditors of the Corporation at the annual meeting of shareholders held on December 24, 1969.

Other Matters to be Acted Upon

At the date hereof, the management of the Corporation knows of no other matters to come before the meeting.

It should be noted, however, that the enclosed form of proxy is a discretionary proxy and if any other matters should properly come before the meeting the shares represented by the enclosed form of proxy will be voted by Mr. Waters or Mr. Forbes, the management nominees, as they may in their discretion determine.

By Order of the Board of Directors,

A. A. FORBES, C.A.
*Vice-President—Finance and
Secretary-Treasurer.*

Toronto, Ontario,
December 10th, 1973.